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Bevin, Under Fire, Modifies Middle East Tactics

The conflict over Palestine, appeared on its uneven way toward settlement—so much so that the most heated controversy of recent weeks occurred in Britain January 25 in the debate on Foreign Secretary Bevin's handling of the situation.

Elsewhere the Arab states, facing for the first time the realities of Israel's existence and strength, were in the midst of negotiations with the new state. Trans-Jordan was reported ready to join Egypt in the armistice talks at Rhodes. The Israeli elections January 25 resulted in victory for Prime Minister David Ben-Gurion and the moderate bloc which may be expected to seek reconciliation with Arab neighbors. The international standing of Israel improved as it received a loan and *de jure* recognition from the United States and *de facto* recognition from several countries including Britain.

Bevin's Critics

The heat of the debate in the House of Commons and the vigor of Bevin's opposition were symptomatic of Britain's continued sensitivity in the Middle East. Criticism was directed more against Bevin's methods than against his objectives. The controversy dated back to Israeli incursions into Egyptian territory last December, the Sinai desert incident when five Royal Air Force planes on armed reconnaissance were shot down by Israeli fighters January 7 and the subsequent British show of force in the Mediterranean. The repercussions to this chain of events were just as prompt and forceful from various sections of the British community as they were from Washington and Tel Aviv. "What was Bevin up to?" asked the Lon-

don press with various degrees of querulousness. Bevin mollified some of his critics January 18 when he announced the release of Jewish immigrants held on Cyprus.

But when he rose to defend his actions a week later in a full-dress, seven-and-a-half-hour debate, he failed to parry effectively the thrusts from Conservatives, Liberals, and that section of his own party, led by Labor back-bencher Richard H. S. Crossman, which has long been critical of the government's foreign policy. Winston Churchill, who has rarely singled out the Foreign Secretary for attack, unleashed his stinging vocabulary, accusing the government of "folly, stupidity, and fatuity," and the "quintessence of mal-address." He even charged Bevin with personal prejudice and bias against the Jews in Palestine. In the vote of confidence Bevin was upheld 283 to 193, a majority of only 90, recalling Neville Chamberlain's slim 81-vote majority on the Norwegian campaign in 1940 which ended his regime. Fifty or more Labor M.P.'s abstained from voting in a rebellion more serious than previous defections because it coincided with the withdrawal of Conservative support for the Attlee cabinet's foreign policy. Bevin once said that he staked his reputation upon finding a Palestine solution; not unnaturally there has been talk of his resignation.

Search for Accord with U.S.

Despite this domestic flare-up—some of which may be due, as Prime Minister Attlee commented, to the electioneering eagerness which is beginning to enter the

British scene—a major change in London's policy is not likely. Britain extended *de facto* recognition to Israel January 29 after a number of rather fumbling delays which still left Bevin open to the charge of giving it grudgingly. The one note most often struck during the British controversy was that Anglo-American accord was necessary for Middle Eastern peace. Progress toward that goal was evident before the Sinai incident and proved helpful in keeping the affair within bounds. Churchill's recommendation that Israel should get a "fair share" of the Negeb and that both Israelis and Arabs should have access to the Red Sea is fairly close to Foreign Office desires. Such a compromise has not been ruled out by President Truman. After the Sinai incident the President declared that United States policy was to be found in Ambassador Jessup's November 20 statement in the UN, providing for (1) no change in Israel's boundaries without Tel Aviv's consent, and (2) Israel to get territory beyond the UN partition boundaries only by giving up land elsewhere. This is the framework for a possible compromise whereby Israel would get Western Galilee in exchange for part of the southern Negeb, a variation of the Bernadotte proposal more liberal to the new state. Such a compromise would give Britain what it is seeking: access to bases through Trans-Jordan.

Although Anglo-American agreement will facilitate a settlement in the Middle East, it may not prove conclusive. Neither Washington nor London control the governments of Israel and its Arab neighbors. Ben-Gurion and his moderate followers have favored an orientation in

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foreign policy which would seek neutrality in the great power conflict between East and West. The left opposition Mapam party, second in strength to Ben-Gurion's Mapai, is opposed to Anglo-

American "imperialism" and has shown sympathy to the U.S.S.R. The Arab states have become less amenable to London's suggestions with each Israeli victory, and British recognition of Tel Aviv is reported

to have increased Egyptian hostility to both Britain and the United States. The opportunity exists only for discreet and careful influence from the two Western powers.
WILLIAM W. WADE

What Form Will Aid To Underdeveloped Countries Take?

Such scant information as is available concerning the genesis of "Point 4" in President Truman's inaugural address concerning aid to underdeveloped countries indicates that the formulation of this point was strongly influenced by the experience of the Food and Agriculture Organization, as interpreted to Mr. Truman by its director general, Norris E. Dodd, and to some extent by the suggestions of the International Bank for Reconstruction and Development headed by John J. McCloy. But while these two specialized international agencies are both concerned with the constructive development of world resources and production facilities, they differ as to the most effective methods of achieving this objective. Notable among their differences is the interest shown by the FAO in the overall development of the economy of a given underdeveloped country, as contrasted with the interest of the Bank in allotting funds for specific developmental projects. Which of these approaches will be favored by the United States once it begins to translate "Point 4" into concrete measures—or will it follow a combination of both?

"Partnership Capitalism"

Another question that has aroused immediate interest is the source of funds for financing technical assistance to non-industrialized nations. Will funds come primarily from government resources, whether on a national or international basis, or from investments of private capital? Comments by Secretary of State Dean Acheson and other government spokesmen would indicate that the President had in mind no large loans or credits by Federal agencies, but rather private undertakings along the lines of "partnership capitalism" repeatedly urged by Eric Johnston, former president of the United States Chamber of Commerce, now president of the Motion Picture Producers' Association. Several undertakings of this character are already in operation—notably the company organized by former Secretary of State Edward R. Stettinius, Jr. for the development of the economy

of the Republic of Liberia; the operations of the United Fruit Company in Latin America and of the Arabian-American Oil Company (Aramco) in Saudi Arabia; and the formation of joint enterprises for the output of certain consumer goods sponsored by Nelson Rockefeller in Brazil and Venezuela. These various projects, different as they are in scope, have a common denominator in their attempt to combine the new aim of directly improving native welfare and advancing the native economy with the more familiar aim of making profits.

Presumably the government of the United States would be particularly interested in giving all possible encouragement to such enterprises, and in persuading the governments of countries where they operate to afford them all possible safeguards. Without directly entering into the business of developing nonindustrialized areas, the Washington administration could thus set standards of conduct regarded as desirable for American concerns operating abroad, and discreetly steer private capital toward projects that might have been previously recommended by specialized agencies of the UN, blending private American interests with the interests of the international community as determined through UN surveys. Another example of technological assistance to underdeveloped areas—in this instance given to one branch of economy throughout a geographic region—is the program of United States aid to the agriculture of fifteen Latin American countries administered jointly since 1938 by the Department of Agriculture and the governments of these countries.

Development and Change

A basic issue raised by the implementation of "Point 4" has as yet received little public discussion—and that is the extent to which the United States will be prepared to accept, and even urge, far-reaching changes in the internal structure of underdeveloped countries if such changes appear to be required by plans for their development. Private investors and private firms of engineers invited to

make surveys of a given country's resources, as a group of American engineers has recently done in the case of Iran, are clearly not in a position to go beyond the technological limits of their respective undertakings. When they do, as some have done in the past, they usually incur native opposition or hostility and on occasion find it necessary to call on their governments for diplomatic or military assistance. Will the United States assume or demand a freer hand in this respect? Will the American government point out to the rulers of underdeveloped countries, however subtly, that the retention of obsolete economic and social practices might jeopardize or nullify contemplated projects for development of their economies? If it does, will native rulers or Western colonial powers accuse this country of fomenting unrest, and even revolution? If it does not, how feasible will it prove to forge ahead with bold programs of the scope apparently envisaged by President Truman on Inauguration Day?

It is on this issue more than any other raised by "Point 4" that the United States may be expected to encounter the sharpest challenge from the U.S.S.R. For whatever else the Soviet government may hesitate to do, it is more than ready to welcome and encourage revolutionary changes in underdeveloped countries—at least until after such changes have taken place. It is entirely true, as has often been pointed out, that the U.S.S.R. cannot, for the time being at least, compete with the United States in offering advanced technological knowledge, machinery and raw materials to backward peoples. This competition, however, will start in real earnest only after internal changes opening the way to long-range developmental projects have occurred. The United States is in an excellent position to win—provided it demonstrates to the rest of the world that it possesses not only superior technical know-how, but also sufficient comprehension of the contemporary problems of backward peoples not to be deterred by national movements of reform.

VERA MICHELES DEAN

(The second of three articles on President Truman's Inaugural Day address.)

Salazar Trades On Strategic Position For U.S. Aid

Portugal's strategic location created a problem for the United States during the war, when the Salazar government was a doubtful neutral, and continues to present a policy dilemma today. In the era of the sailing vessel, this small country lying athwart the Atlantic approaches to Gibraltar acquired a colonial empire which, despite attrition in the last century, is still the third largest in the world. The air age has immeasurably enhanced the value of its Azores possessions, which lift volcanic peaks out of the mid-Atlantic, and the Cape Verde islands off West Africa. Modern technology creates new interest in the extensive, undeveloped Portuguese colonies in Southwest Africa and East Africa. The fact, however, that Portugal and its possessions are governed by an authoritarian regime which, contrary to the impression of stability it has sought to create abroad, has very little popular support makes co-operation with that country for military or economic purposes a precarious undertaking.

Portugal and the West

The Salazar dictatorship's equivocal wartime record led the Portuguese to expect that the victorious Allied powers would pursue a distinctly cool policy toward Lisbon once the war was over. Prime Minister Salazar himself may also have expected something of the sort. Other considerations had, however, to be taken into account. The centuries-old alliance with Britain, close Anglo-Portuguese commercial ties, and London's accumulated wartime debt made it inevitable that Lisbon should be included in efforts for European reconstruction. As far as the United States was concerned, the importance of retaining wartime transit rights for American civil and military aircraft, and the fact that Portugal then had the enviable status of a hard-currency country weighed heavily in Salazar's favor. Other factors recommending his government to the great powers of the West were its firm anti-Communist stand and its appearance of stability.

Portugal's ties with the West have been reinforced since the war in a variety of ways. Last February the Azores agreement between that country and the United States for the use of the American-built base on Terceira island in the Azores—formally returned to Portugal in 1946—was extended until 1953. An unwritten understanding exists between Washington

and Lisbon that these rights are "permanent on a temporary basis." Thus the Lagens field is a key point in the arc of United States defenses reaching from Greenland to West Africa. In June the two nations also agreed to extend the routes used by their civil air carriers. Among other things, the revised air transport agreement now makes it possible for American airlines to schedule flights to Britain and Northern Europe by the southern route during winter months.

Portugal has met greater difficulty, owing chiefly to the Soviet Union's opposition, in associating itself with the UN. Its application for membership has been twice rejected as a result of Russia's veto. The Soviet position coincided with that of the democratic opposition inside Portugal itself. On December 11, 1948 one of the groups opposing Salazar addressed a memorandum to the fourth session of the General Assembly then considering membership applications, which asked that the General Assembly take no action while "the democrats of Portugal are trying to establish there the indispensable conditions under which it [Portugal] might be admitted to the United Nations." This caused the Portuguese Minister of the Interior, Augusto Cancela de Abreu, to accuse the opposition of "proposing something only the Communists support." The Moscow radio, on the other hand, nightly beams to Portuguese listeners the allegation that their government is a "military vassal" of the United States. Washington has consistently advocated Portugal's admission to the UN, and the General Assembly at its two most recent sessions has recommended to the Security Council that it accept Portugal, along with Italy, Eire, Finland and Trans-Jordan, into the UN.

The controversy has assumed greater importance in light of the technical obstacle it raises to Portuguese participation in any regional defense pact concluded under Article 51 of the Charter. In actual fact, however, the Salazar government is already closely associated with Western European economic and military arrangements. London and Lisbon now engage in technical co-operation, Britain equipping Portuguese land and air forces. At the British government's invitation, Portugal became a partner in the European Recovery Program. At the outset, the Salazar government announced that it

would not request financial assistance, but intended to co-operate with other European countries by making a greater volume of exports available to them and, when necessary and appropriate, on credit. Subsequently, however, Portugal has been overtaken by a dollar shortage and, in the four-year plan submitted to the OEEC at the close of 1948, the government estimated it would need \$640 million over the ERP period.

Problem for the U.S.

The war made Lisbon's fortune; in 1946 it was reported to have about \$735 million in foreign assets. That year also witnessed, however, a return to the overall unfavorable balance of trade which had been characteristic of Portugal's foreign commerce in the prewar period. Continuing dislocations of trade have forced Portugal to turn to the United States for many items formerly supplied by Britain. A portion of these imports were destined to implement the postwar hydroelectric power and transport development programs to which, it appeared, the government intended to give top priority in the effort to increase production and combat inflation. But astonishing amounts of the war windfall were dissipated in purchases of luxury imports. The Portuguese escudo continued to be quoted as a hard currency, and European brokers used it as an intermediate step in the purchase of dollars until late 1947, when the government belatedly imposed drastic import and exchange controls. The difficulties of locating markets for high-priced exports and a series of natural disasters in 1948—the poor sardine catch and a bad wheat crop—have contributed to Portugal's balance-of-payments problem.

The present situation has lent urgency to Salazar's development projects both for metropolitan Portugal and the colonial empire. It is for these projects that ERP loans are being solicited. But Portugal's need for United States financing, if it is to balance its trade with Europe and develop the food and mineral resources of its colonial empire, places this country in the situation of directly supporting a government that is unpopular with a majority of its people.

OLIVE HOLMES

(The second in a series of articles on conditions in the Iberian peninsula by Miss Holmes who recently returned from a visit to Spain and Portugal.)

Branch & Affiliate Meetings

MILWAUKEE, February 8, *The United States and Europe*, Francis X. Swietlik

NEW ORLEANS, February 8, *The Arab World in Revolt*, John S. Badeau

ALBANY, February 10, *Revolutions and Good Neighbors in the Americas*, Eugenio Pereira Salas, Jorge Basadre

SHREVEPORT, February 10, *Basic Trends in the Middle East*, John S. Badeau

DETROIT, February 11, *Collective Security Pacts*, Mrs. Frederic G. Garrison, Royce Howes, John Marshall, Russell Barnes, George Cushing

PITTSBURGH, February 11, *Germany*, Gerhart Seger

UTICA, February 15, *U.S. Stake in European Union*, Allen W. Dulles

AUSTIN, February 17, *Basis Issues in the Middle East*, John S. Badeau

ELMIRA, February 17, *The North Atlantic Pact*, George Fielding Eliot

CINCINNATI, February 18, *Germany*, Sigrid Schultz, Alexander Boeker

HOUSTON, February 18, *The Arab World in Revolt*, John S. Badeau

NEW YORK, February 19, *China and the United States*, Stanley K. Hornbeck, Nathaniel Peffer

News in the Making

Western Europe took another step toward union when agreement to create a *Council of Europe* was announced on January 28. This move, intended to add a political link to the chain forged in the economic sphere by the OEEC and in the military sphere by the Brussels pact, laid the basis for a "ministerial committee" composed of government representatives empowered to make binding decisions and a "consultative committee" of parliamentary representatives. . . . The Dutch recognized the authority of the UN Security Council when they offered to carry out its resolution of January 28 calling for important *concessions in Indonesia* but promised to acquiesce only "to the extent . . . compatible with the responsibility of the Netherlands." . . . The *reluctance of China's Communists* to engage in peace talks with the government of Acting President Li Tsung-jen at Nanking has speeded up the fragmentation of Nationalist areas into at least three major centers of resistance in the Northwest, Southwest and Southeast. As prospects for a quick deal which would unify China under some form of "coalition" regime dimmed, the announcement on January 30 that Soviet Ambassador N. V. Roschin would move his headquarters from Nanking to Canton stimulated speculation that Russia might not welcome a unified China, even under Communist rule. . . . Shipments of *strategic raw materials from Yugoslavia* to the United States, chiefly copper and lead, have risen steadily since August, following Marshal Tito's split with the Cominform, and the decline of Yugoslav trade with other nations of Eastern Europe. . . . Following Eire's severance of relations with the British Commonwealth on December 21, *Northern Ireland* is to reach decisions about its future relationship to the rest of the island, and its continued partnership in the United Kingdom, in general elections scheduled for February 10. A major issue at the polls will be the adoption or rejection of a London proposal for an Irish federal union, with the two states represented in an All-Ireland Assembly at Dublin.

FPA Bookshelf

Palestine Dilemma: Arab Rights versus Zionist Aspirations, by Frank C. Sakran. Washington, Public Affairs Press, 1948. \$3.25

Mr. Sakran, a Christian Arab born in Palestine and an American citizen since World War I, presents the Arab point of view, quoting liberally from the many documents on this controversial subject. His conclusions are marred by an underestimate of Zionist strength and achievements.

British Rule in Palestine, by Bernard Joseph. Washington, Public Affairs Press, 1948. \$3.75

A leading member of the Palestine bar examines the British administration of the Palestine mandate, contending that British authorities were guilty of first whittling down their obligations to the Jews and then violating them with the 1939 White Paper.

The Theory of International Values, by Frank D. Graham. Princeton, Princeton University Press, 1948. \$5.00

The Walker Professor of International Finance at Princeton University in this learned study seeks to demolish the classical theory of international values based on costs, as well as theories based on demand, and offers instead a theory in which normal values are derived from opportunity costs, with the interaction of national and international price structures playing a key role.

No Place to Hide, by David Bradley. Boston, Little, Brown, 1948. \$2.00

A graphic warning by a young doctor who witnessed the Bikini atomic bomb tests as a "radio-logical monitor," measuring the lingering effects of radioactivity with Geiger counters and other instruments. The title sums up his conclusion that there is "no real defense against atomic weapons."

The Development of the Law of Belligerent Occupation, 1863-1914, a Historical Survey, by Doris Appel Graber. New York, Columbia University Press, 1949. \$4.00

This monograph, which is number 543 in the Columbia University, Faculty of Political Science, Studies in History, Economics and Public Law, analyzes intensively the codes and military manuals dealing with principles governing occupation of enemy territory in war time from the publi-

cation of the Lieber code in 1863 to the outbreak of World War I. An appendix showing comparative provisions of The Hague and earlier codes, and an extensive bibliography add to the value of the book.

Unity in Dispersion: A History of the World Jewish Congress, Introduction by A. Leon Kubovitski. New York, World Jewish Congress, 1948.

An account of the activities of the World Jewish Congress since its establishment in 1936 to deal with problems beyond the scope of the Zionist movement. Particularly interesting for its review of the fight against Nazi racism before, during, and after World War II.

History: a Guide to Peace, by Erno Whittmann. New York, Columbia University Press, 1948. \$5.50

In a rather original and provocative manner the author has attempted to synthesize materials drawn from a study of world history, especially of modern European history, of the state system, of geopolitics and of war and peace. The result is a treatment stressing balance of power, and the relationship between interstate and intrastate tensions which, while not likely to please everyone, will certainly provide the perceptive reader with stimulating reading.

Fourth Republic on Trial

The success of European Recovery, of Western Union, and of a North Atlantic pact depends to a large extent upon the stability and recovery of France. Has the present Queuille government found a sound basis for meeting both the Communist attack on the left and the Gaullist challenge on the right? READ

FRANCE: THE FOURTH REPUBLIC ON TRIAL
by Fred W. Riggs
January 15 issue of

Foreign Policy Reports—25 cents

Subscription \$5; to FPA members, \$4.

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